



Department of Justice

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**JUSTICE DEPARTMENT ADVISES FCC THAT SBC HAS ADDRESSED ONE OF FOUR
REMAINING COMPETITIVE CONCERNS IN ITS SECOND APPLICATION TO
PROVIDE LONG DISTANCE SERVICE IN TEXAS**

**Department Defers Analysis Of Three Other Competitive Concerns Until It Reviews
Additional Performance Data Available Later This Month**

WASHINGTON, D.C. -- The Department of Justice today advised the Federal Communications Commission that SBC has adequately addressed one of the four competitive concerns the Department raised concerning SBC's pending application to provide long distance service in Texas. The Department also agreed to defer its evaluation of the other three concerns until additional performance data becomes available later this month.

According to the Department, SBC's current application addresses one of the four competitive concerns by demonstrating that they have adequately provided "interconnection trunks" to their competitors. Interconnection trunks are the telephone lines that carry telephone calls between SBC's network and the networks of its competitors.

The Department provided its competitive analysis in today's evaluation of SBC's second application to provide long distance service in Texas under Section 271 of the Telecommunications Act.

SBC filed its first application to provide long distance services in Texas on January 10, 2000. In its evaluation to the FCC, the Department commended SBC and the Texas Public Utility Commission for their substantial efforts to implement the market-opening requirements of the 1996 Telecommunications Act, but stated there were other obstacles to local telecommunications competition in Texas. The Department recommended denial of SBC's

original application on February 14 and March 20, 2000, by stating that SBC had not shown that it was providing nondiscriminatory access to its local telephone lines, or “loops,” to companies seeking to lease those lines to offer digital subscriber line (DSL) services for high speed Internet access and to offer traditional voice services. In addition, the Department also stated that there was considerable doubt whether SBC was providing interconnection trunks in a timely manner, and whether carriers would be able to compete effectively using the UNE-platform.

On April 5, 2000, SBC withdrew its original application and filed a new application. Data measuring SBC’s performance in providing wholesale services to its competitors in the month of April are expected to become available in May of 2000. The Department expects to file its analysis of the three remaining competitive concerns after it has reviewed the April performance data.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies (BOC’s) have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC’s application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give “substantial weight” to its assessment of competitive conditions in a market and whether the BOC should be allowed to provide in-region long distance service.

SBC filed its second application for the state of Texas with the FCC on April 5, 2000. Under the terms of the Act, the FCC must approve or deny the application within 90 days.

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